

The California Solar Initiative

R.04-03-017

Created by the PUC on January 12, 2006

What it Does

The California Solar Initiative (CSI) provides \$2.9 billion in incentives between 2007 and 2017, divided as follows:

1. The California Public Utilities Commission (PUC) will oversee a \$2.5 billion program for commercial and existing residential customers, funded through revenues and collected from gas and electric utility distribution rates.
2. The California Energy Commission (CEC) will manage \$350 million targeted for new residential building construction, utilizing funds already allocated to the CEC to foster renewable projects between 2007 and 2011.

Specifically, the CSI will:

- Provide incentives to customer-side photovoltaics (PV) and solar thermal electric projects under 1 MW capacity.
- Authorize a pilot solar water heater (SWH) incentive program for customers of San Diego Gas and Electric Company. If successful, the PUC could offer SWH incentives statewide.
- Set initial PV incentive levels at \$2.80 per watt effective Jan. 1, 2006, to be reduced by an average of approximately 10 percent annually. Incentive levels for solar thermal electric projects and solar heating and cooling will be determined in 2006.
- Allocate 10 percent of program funds for low-income and affordable housing.
- Develop a pay-for-performance incentive structure to reward high-performing solar projects.

The CSI will be coordinated with energy efficiency, advanced metering, demand response, and building standards programs at the energy agencies.

Cost and Rate Impact of the CSI

The estimated average cost to a residential electric customer will be approximately \$12 a year; the average residential natural gas cost will be \$1.40 per year. However, the total impact on a residential customer's monthly bill is expected to be minimal in most cases, because the cost of this program will be largely offset by the expiration, at the end of 2007, of a surcharge on utility bills to repay rate reduction bonds authorized in 1996 for electric sector restructuring.

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Additional Information

The agencies' existing solar programs will be consolidated into the CSI by Jan. 1, 2007.

- The PUC Self Generation Incentive Program funding and technology categories for 2006 will be modified as follows:
 - Level 1-Solar technologies: \$340 million
 - Level 2-Other renewable fuel projects: \$42.5 million
 - Level 3 – Non-renewable projects: \$42.5 million
- The CEC Emerging Renewables Program will provide incentives for residential and small commercial solar projects through 2006. After 2006, the CEC will focus on residential new construction as part of the CSI.

Who to Contact

- During 2006, customers interested in taking advantage of solar incentives offered should contact the following:
 - For residential and small business customers planning to install solar systems under 30 kW in size, contact the California Energy Commission
 - For systems 30 kW or larger, contact your local electric or gas utility, except in San Diego, where customers should contact the San Diego Regional Energy Office.